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October 4, 2017

(ianmays@house.mi.gov)

State of Michigan
House Regulatory Reform Committee
Attn: Chairman Rep. Brandt Iden
House of Representatives
P.O. Box 30014
Lansing, MI 48909-7514

Re: Opposition to Proposed House Bill 4504 (codification of the Michigan Liquor Control Commission "1/2 Mile Rule")

Dear Committee Members:

I am sending this letter on behalf of several of my clients, but specifically on behalf of the Plum Market chain of grocery stores, in opposition to Proposed House Bill 4504, seeking to codify the Michigan Liquor Control Commission's "1/2 mile rule" which prohibits a Specialty Designated Distributor licensed business ("SDD" for the sale of packaged spirits for off-premises consumption) from opening within 2,640 feet of another SDD licensed business (subject to some exceptions).

The "1/2 Mile Rule" is a rule that is an anathema under Michigan law. There is no other type of retail business that has a one-half mile dome of protection around it preventing any outside competition. The "1/2 Mile Rule" is, at its core, protectionist, anti-free market, and anti-competition – i.e., it stands at the polar opposite of what the American economy is based on.

In addition, the "1/2 Mile Rule" prevents grocery businesses, like my clients, from expanding and offering a full range of products that might be found in other stores of its type, simply because there might be a liquor store nearby. This hinders economic growth of grocery store businesses.

Finally, but not to be ignored, is the fact that the "1/2 Mile Rule" allows the State of Michigan to pick winners and losers with respect to opening SDD licensed businesses, giving the winners a virtual monopoly within their own ½ mile radius domain, and leaving the losers with

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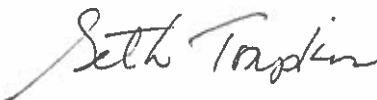
no ability to even have a chance to compete in an open market. As a result, if the "1/2 Mile Rule" were codified and attacked properly in court, this law would likely be overturned on constitutional grounds due to the fact this law fails to offer equal protection to all citizens (and their businesses) under Michigan law.

This is a rule that is only supported by those that already own and operate an SDD liquor license. However, there is no legitimate reason why an SDD liquor license should have some special treatment over and above any other liquor license issued by the State of Michigan. There is no prohibition on a Class C licensed martini bar opening right next door to another Class C licensed martini bar, or two Class B hotels opening up next door to each other. There is no prohibition on an SDM licensed business (a party store) opening up directly next to an SDD/SDM licensed business (a liquor store), which is right next door to a gas station that also has an SDM license, and therefore there should be no such prohibition placed on SDD licenses.

It is about time that the MLCC disposes of this anti-American rule and allow all businesses the opportunity to compete in a free marketplace. Proposed House Bill 4504 does nothing to benefit the people of the State of Michigan and does everything to benefit and protect the existing monopolies already in place. This committee should not ignore the basic precepts of the American marketplace in order to placate a few loud business owners and their lobbyists.

Very truly yours,

SULLIVAN, WARD,
ASHER & PATTON, P.C.



Seth P. Tompkins, Esq.

SPT:atb

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